



Los Angeles County
Department of Regional Planning

Planning for the Challenges Ahead



August 15, 2005

James E. Hartl AICP
Director of Planning

TO: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: James E. Hartl, AICP
Director of Planning

**SUBJECT: NOTIFICATION OF INTENT TO NEGOTIATE SOLE SOURCE
CONTRACT – TITLE EXAMINERS CONSULTANT SERVICES**

In accordance with your Board's policy on prospective sole source contracts of \$250,000 or greater, this letter provides advance notification that the Department of Regional Planning (DRP) intends to file a request for the Board's approval of a sole source consulting contract. County Counsel concurs with this approach based on the justification enumerated in this letter. The contract is intended to be with Paragon Partners Ltd. (Paragon). The proposed contract is for a two (2) year period, commencing upon Board approval, with two (2), one-year renewal options. At present, the first year anticipated contract expenditure amount is \$250,000, which will stay within the FY 2005-06 adopted budget funds allocated by your Board. The subsequent three years' annual expenditures will be approximately the same subject to any cost of living adjustments.

A Corrective Action Plan was developed by DRP and approved by the County's Auditor with the Board of Supervisors informed on July 25, 2001. This Plan includes the use of an outside consultant, Paragon. Paragon acts as a "firewall" to ensure no Land Division Specialists are single-handedly processing any Certificates of Compliance (C of C). There are many procedural changes contained in this Corrective Action Plan. A significant improvement is all title searches on all C of C applications are now conducted by Paragon through its contracted title searcher specialists. This provides critical additional oversight.

Under a currently existing contract administered through the County Counsel's Office, Paragon has been providing title investigation and related services to the DRP as part of the Department's investigation of terminated employee Emmet Taylor and the illegal

issuance of Certificates of Compliance. This investigation has resulted in the conviction of Emmet Taylor in June, 2005.

The County Counsel's Office has suggested that the DRP now assume responsibility for administration of the contract. Since the conviction, County Counsel and DRP believe that the contract would now be more appropriately administered by the DRP.

BACKGROUND

On August 15, 2000, the DRP placed Emmet Taylor on Administrative Leave and initiated an investigation of C of C cases that he had processed following the discovery of irregularities. The DRP concluded that he facilitated the illegal subdivision of land through the C of C process. Mr. Taylor was terminated from County service on November 30, 2000.

The DRP and the County Counsel's Office determined that it would be necessary to investigate at least one thousand four hundred three (1,403) Certificates of Compliance that had been processed by Emmet Taylor. Additional cases processed by other current and former employees were also investigated to determine the extent of wrongdoing. Also, over this five year period, DRP has processed 3,000 new applications.

The investigation could not allow in-house or retired staff to participate in the title search effort because they could have been possible suspects in the investigation. Other County agencies were unable to loan title search personnel to the DRP. Therefore, the services of Paragon Partners Ltd. were retained under a contract administered through the County Counsel's Office in anticipation of prosecution and other litigation.

Under the proposed contract, Paragon staff will continue to prepare documentation that will support corrective actions that must be performed by the Department of Regional Planning staff; including the preparation of Rescission documents, Conditional Certificates of Compliance, Notices of Intention to Issue a Notice of Violation, and Notices of Violation. In addition, per the corrective action plan, Paragon will provide title searches for all new C of C applications.

SOLE SOURCE JUSTIFICATION

-- Highly specialized consulting services

Paragon's highly specialized consulting services are needed to complete ongoing tasks. When Paragon was originally retained on February 1, 2000, only three other firms were

found to have the required expertise. Only one of those firms applied for the contract. However, both DRP and County Counsel recommended Paragon as the most highly qualified firm. No firms have been identified to be as qualified to provide these highly specialized title examinations and inspections as Paragon. Paragon's work product continues to be satisfactory for all County departments.

-- Uniquely qualified

Paragon is now uniquely qualified to continue reviewing and analyzing C of C cases. Further, of the C of C cases already determined to be in violation of the "Act", Paragon has the requisite investigative knowledge to implement corrective actions for those cases and illegally created lots identified as violations. These corrective actions include statutorily prescribed administrative proceedings held before the DRP Hearing Officer, the Regional Planning Commission, and the Board of Supervisors.

-- In the best interest of the County

We believe, and the County Counsel concurs, that it is in the best interest of the County, at this time, to contract with Paragon and avoid the administrative costs associated with the solicitation process. Also, a new service provider would have a long learning curve to train new staff before providing the reports and investigation activities required by all involved County departments.

In accordance with your Board's notification policy, the DRP will commence negotiating a sole source contract with Paragon on or about September 15, 2005, unless otherwise instructed.

If you have any questions or need additional information, please call me at 213/974-6401, or your staff can call either Jon Sanabria, Chief Deputy, at 213/974-6405 or Richard A. Guizado, Contracts Manager, at 213/974-6631.

Thank you for your attention on this matter.

JEH:RAG:lr

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors